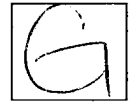


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02467A
Granite Mountain Water Company Inc.
2465 Shane Dr.
Prescott, AZ 86305

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
----	----	------

FOR COMMISSION USE

ANN 04	06
--------	----

PROCESSED BY:

4-17-07

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Granite Mountain Water Co., Inc

Mailing Address 2465 W. Shane Drive
(Street)

Prescott AZ 86305
(City) (State) (Zip)

928-717-2616 928-717-2616
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address 2465 W. Shane Crive
(Street)

Prescott AZ 86305
(City) (State) (Zip)

928-717-2616 928-717-2621
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Paul D. Levie President
(Name) (Title)

2465 W. Shane Drive Prescott, AZ 86305
(Street) (City) (State) (Zip)

928-717-2616 928-717-2621
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: Dewain Kimberly
(Name)

1800 Donna Chino Valley AZ 86323
(Street) (City) (State) (Zip)

928-717-2616 928-717-2621
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Paul D. Levie

(Name)

2465 W. Shane Drive

(Street)

Prescott

(City)

AZ

86305

(State)

(Zip)

928-717-2616

Telephone No. (Include Area Code)

928-717-2621

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Paul D. Levie

(Name)

2465 W. Shane Drive

(Street)

Prescott

(City)

AZ

86305

(State)

(Zip)

928-717-2616

Telephone No. (Include Area Code)

928-717-2621

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☒ YAVAPAI

☐ YUMA

☐ STATEWIDE

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	110.13	93.97	16.16
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	57,378.51	27,796.61	29,581.90
307	Wells and Springs	52,026.74	27,429.60	24,581.90
311	Pumping Equipment	94,775.95	46,781.37	47,994.58
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	7,325.00	6,247.44	1,077.56
331	Transmission and Distribution Mains	277,405.33	171,000.31	106,405.02
333	Services	55,852.90	25,702.41	30,150.49
334	Meters and Meter Installations	2,547.30	1,467.26	1,080.04
335	Hydrants	74.32	52.04	22.28
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	34,997.50	16,147.34	18,850.16
340	Office Furniture and Equipment			
341	Transportation Equipment	4,500.00	450.00	4,050.00
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	5,000.00	2,229.17	2,770.83
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	873.00	244.53	628.47
	TOTALS	592,866.68	325,642.05	267,224.63

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Granite Mountain Water Co., Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	110.13	5%	5.51
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	57,378.51	5%	2,868.93
307	Wells and Springs	52,026.74	5%	2,601.34
311	Pumping Equipment	94,775.95	5%	4,738.81
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	7,325.00	5%	366.25
331	Transmission and Distribution Mains	277,405.33	5%	13,870.26
333	Services	55,852.90	5%	2,792.68
334	Meters and Meter Installations	2,547.30	5%	127.37
335	Hydrants	74.32	5%	3.71
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	34,997.50	5%	1,749.88
340	Office Furniture and Equipment			
341	Transportation Equipment	4,500.00	5%	225.00
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	5,000.00	5%	250.00
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	873.00	5%	171.60
	TOTALS	592,866.68		29,771.34

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME Granite Mountain Water Co., Inc.

BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 47,445.71	\$ 88,793.57
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	3,284.55	(551.94)
146	Notes/Receivables from Associated Companies	9,030.00	20,831.08
151	Plant Material and Supplies	2,628.47	2,628.47
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	4,500.00	4,500.00
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 66,888.73	\$ 116,191.18
	FIXED ASSETS		
101	Utility Plant in Service	\$ 2,035.43	\$ 58,836.68
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(295,870.71)	(325,642.05)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 297,906.14	\$ 262,734.63
	TOTAL ASSETS	\$ 364,794.87	\$ 378,925.87

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 00	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	795.00	(3,035.16)
236	Accrued Taxes	236.03	4,210.73
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 1,031.03	\$ 1,175.57
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ 37,501.10	\$ 37,007.43
252	Advances in Aid of Construction	21,959.50	18,598.50
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 59,460.60	\$ 55,605.93
	TOTAL LIABILITIES	\$ 60,491.63	\$ 56,781.50
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 177,139.19	\$ 177,139.19
211	Paid in Capital in Excess of Par Value	337,222.32	337,222.32
215	Retained Earnings	(18,887.10)	(26,932.53)
218	Proprietary Capital (Sole Props and Partnerships)	(7,194.13)	19,443.61
	TOTAL CAPITAL	\$ (184,087.64)	\$ (184,728.28)
	total capital	304,192.64	322,144.31
	TOTAL LIABILITIES AND CAPITAL	\$ 364,794.87	\$ 378,925.81

COMPANY NAME Granite Mountain Water Co., Inc

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 50,683.63	\$ 63,314.93
460	Unmetered Water Revenue		
474	Other Water Revenues	397.50	355.95
	TOTAL REVENUES	\$ 51,081.13	\$ 63,670.88
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	6,376.24	7,238.20
618	Chemicals	1,042.09	
620	Repairs and Maintenance	2,885.92	1,219.01
621	Office Supplies and Expense	2,814.88	2,095.68
630	Outside Services	8,524.67	2,658.00
635	Water Testing	1,789.79	737.90
641	Rents		
650	Transportation Expenses	411.84	157.12
657	Insurance – General Liability	516.00	
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case	110.32	115.76
675	Miscellaneous Expense	7,216.08	3,002.77
403	Depreciation Expense	29,413.41	29,771.34
408	Taxes Other Than Income		
408.11	Property Taxes	1,836.82	1,959.69
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 62,938.06	\$ 52,805.58
	OPERATING INCOME/(LOSS)	\$ (11,856.93)	\$ 10,865.30
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 270.72	\$
421	Non-Utility Income	55.65	8,578.31
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	4,336.43	
	TOTAL OTHER INCOME/(EXPENSE)	\$ 4,662.80	\$ 8,578.31
	NET INCOME/(LOSS)	\$ (7,194.13)	\$ 19,443.61

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 18,598.50

Meter Deposits Refunded During the Test Year \$ 7,336.00

COMPANY NAME	Granite Mountain Water Co., Inc.
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
5511031	$\frac{1}{4}$	5	400	6"	1"	1985
5502453	$\frac{1}{2}$	5	340	6 $\frac{1}{2}$ "	5/8"	1982
55511771	15	125	500	10"	3"	Redrill 2004
55554078		125	500	8"	3"	1999

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3	1	3	
3	1		
3	1		
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
19,000	1	40	2
5,00	1	40	4

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Granite Mountain Water Co., Inc.
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	pvc	15,000app
3	pvc	1,500app
4	pvc	4,000app
5		
6	pvc	22,000app
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	68
3/4	1
1	14
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

STRUCTURES:

3-well house structures 10x12

1-office and prssure pumping Equipment and storage

files, tools and equipment

1-building containing electrical faciliteies

2000 Gallon pressure tank and pumping equipment

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Granite Mountain Water Co., Inc.	
Name of System	ADEQ Public Water System Number (if applicable)

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	83	355,805	482,100	
FEBRUARY	83	545,710	758,100	
MARCH	83	366,240	496,600	
APRIL	83	475,640	723,900	
MAY	83	1,042,260	1,308,800	
JUNE	83	1,023,510	1,755,300	
JULY	83	896,710	1,142,500	
AUGUST	83	1,007,750	1,530,700	
SEPTEMBER	83	570,990	794,500	
OCTOBER	83	679,950	902,200	
NOVEMBER	83	581,380	607,000	
DECEMBER	83	3,962,660	7,265,400	
TOTALS →		11,508,605	17,767,100	

What is the level of arsenic for each well on your system? #3 .0022
#4 .0026 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? ____ GPM for ____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☐ Yes ☒ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☒ Yes ☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Granite Mountain Water Co., Inc YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 1,959.69

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

GRANITE MOUNTAIN WATER CO., INC.

P.O. BOX 350
CHINO VALLEY, AZ 86323
(928) 717-2616

THE STOCKMEN'S BANK
91-504/1221

0934

2/14/2006

PAY TO THE ORDER OF Yavapai County Treasurer

\$ **970.88

Nine Hundred Seventy and 88/100*****

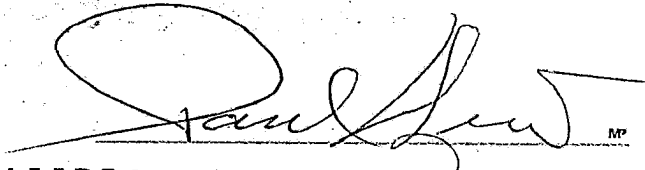
DOLLARS

Yavapai County Treasurer
Ross D Jacobs

2nd half taxes 05 923701902

MEMO

⑈000934⑈ ⑆122105045⑆ 5010013307⑈



GRANITE MOUNTAIN WATER CO., INC.
Yavapai County Treasurer

2/14/2006

0934

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
02/02/2006	Bill	2nd half taxes05	970.88	970.88		970.88
				Check Amount		970.88

Stockman's Bank 2nd half taxes 05 923701902

970.88

GRANITE MOUNTAIN WATER CO., INC.

Yavapai County Treasurer

2/14/2006

0934

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
02/02/2006	Bill	2nd half taxes05	970.88	970.88		970.88
				Check Amount		970.88

PAYMENT
RECORD

Stockman's Bank 2nd half taxes 05 923701902

970.88

GRANITE MOUNTAIN WATER CO., INC

P.O. BOX 350
CHINO VALLEY, AZ 86323
(928) 717-2616

THE STOCKMEN'S BANK
91-504/1221

1020

10/18/2006

PAY TO THE ORDER OF Yavapai County Treasurer

\$ **988.81

Nine Hundred Eighty-Eight and 81/100*****

DOLLARS

Yavapai County Treasurer
Ross D Jacobs

MEMO 1st half 923-70-190 2 2006 taxes

[Signature]

⑈001020⑈ ⑆122105045⑆ 5010013307⑈

1020

Yavapai County Treasurer			10/18/2006			
Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
10/09/2006	Bill	1st half 923-70-190	988.81	988.81		988.81
				Check Amount		988.81

Stockman's Bank 1st half 923-70-190 2 2006 taxes 988.81

1020

Yavapai County Treasurer			10/18/2006			
Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
10/09/2006	Bill	1st half 923-70-190	988.81	988.81		988.81
				Check Amount		988.81

PAYMENT
RECORD

Stockman's Bank 1st half 923-70-190 2 2006 taxes 988.81

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Yavapai</u>	
NAME (OWNER OR OFFICIAL) TITLE <u>Paul D. Levie President</u>	
COMPANY NAME <u>Granite Mountain Water Co., Inc</u>	

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING


MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

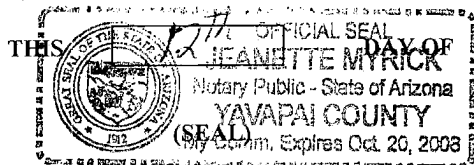

SIGNATURE OF OWNER OR OFFICIAL

928-717-2616

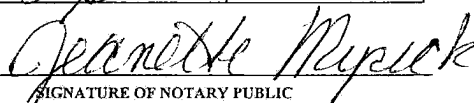
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



COUNTY NAME <u>Yavapai</u>	
MONTH <u>April</u>	YEAR <u>2007</u>


SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 10-20-2008

COMPANY NAME Granite Mountain Water Co., Inc YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported to be determined
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported to be determined
Estimated or Actual State Tax Liability _____

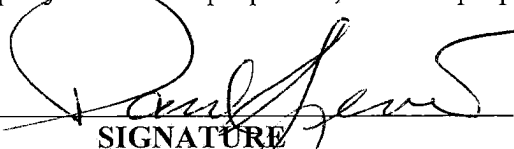
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

April 12, 2007

DATE

Paul D. Levie

PRINTED NAME

President

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<u>Yavapai</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>Paul D. Levie</u> <u>President</u>
COMPANY NAME
<u>Granite Mountain Water Co., Inc</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2006</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 63,670.00

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 265.61

IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**


SIGNATURE OF OWNER OR OFFICIAL

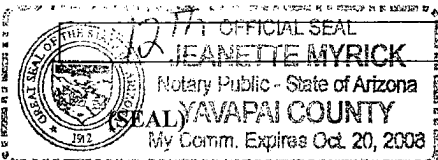
928-717-2616

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

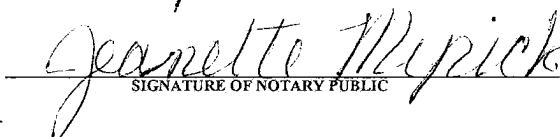
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



DAY OF

COUNTY NAME		
<u>Yavapai</u>		
MONTH	<u>April</u>	<u>2007</u>


SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 10-20-2008

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Yavapai</u>	
NAME (OWNER OR OFFICIAL) <u>Paul D. Levie</u>	TITLE <u>President</u>
COMPANY NAME <u>Granite Mountain Water Co., Inc</u>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2006</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 63,670.00

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 265.61
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**


SIGNATURE OF OWNER OR OFFICIAL

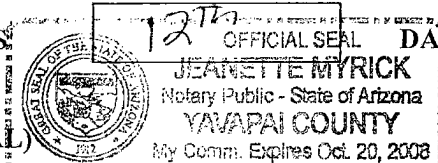
928-717-2616

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

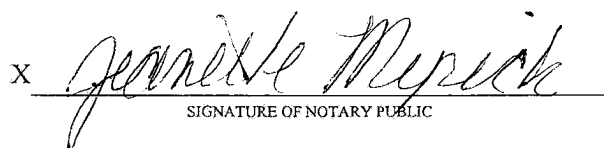
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 12th **OFFICIAL SEAL DAY OF**


(SEAL) **JEANETTE MYRICK**
Notary Public - State of Arizona
YAVAPAI COUNTY
My Comm. Expires Oct. 20, 2008

MY COMMISSION EXPIRES

NOTARY PUBLIC NAME <u>Jeanette Myrick</u>	
COUNTY NAME <u>Yavapai</u>	
MONTH <u>April</u>	YEAR <u>2007</u>

X 
SIGNATURE OF NOTARY PUBLIC

12:34 PM

04/09/07

Accrual Basis

Granite Mountain Water Co., Inc.

Balance Sheet

As of December 31, 2006

	Dec 31, 06
ASSETS	
Current Assets	
Checking/Savings	
131.00 · Cash	452.20
131.01 · Stockman's Bank	88,341.37
Total Checking/Savings	88,793.57
Accounts Receivable	
1201 · Contract receivable	-4.65
Total Accounts Receivable	-4.65
Other Current Assets	
141.00 · Customer Accounts Recievable	-547.29
145.00 · Due from CMII Water Co	2,301.08
151.00 · Plant Materials & Supply	2,628.47
Total Other Current Assets	4,382.26
Total Current Assets	93,171.18
Fixed Assets	
108.00 · Accum. Depreciation & Amort.	-297,649.55
122.00 · Accumulated Deprec & Amort	-27,992.50
301.00 · Organization	110.13
304.00 · Structures & Improvements	57,378.51
307.00 · Wells & Springs	52,026.74
309.00 · Supply Mains	991.03
311.00 · Pumping Equipment	94,775.95
330.00 · Distribution Reservoirs & Stand	7,325.00
331.00 · Transmission & Distribution Mai	
331.01 · Main Line Extension	25,275.32
331.02 · GMH II-Rosdahl Lots 3 & 4	10,766.47
331.00 · Transmission & Distribution Mai - Other	240,372.51
Total 331.00 · Transmission & Distribution Mai	276,414.30
333.00 · Services	55,852.90
334.00 · Meters & Meter Installation	2,547.30
335.00 · Hydrants	74.32
339.00 · Other Plant & Misc Equipment	34,997.50
341.00 · Transportation Equipment	
341.01 · 2000 Dodge Dually	4,500.00
Total 341.00 · Transportation Equipment	4,500.00
345.00 · Power Operated Equipment	5,000.00
346.00 · Communication Equipment	853.00
348.00 · Other Tangible Plant	20.00
Total Fixed Assets	267,224.63
Other Assets	
141.04 · Loan to ALWC	18,530.00
Total Other Assets	18,530.00
TOTAL ASSETS	378,925.81
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2100 · Payroll Liabilities	133.48
235.00 · Security Deposits	-3,035.16
236.20 · Accrued Taxes	4,077.25
251.00 · Main Line Extension Agreement	
251.03 · Line extension -Smith, Pervey	10,022.82
251.00 · Main Line Extension Agreement - Other	12,943.14
Total 251.00 · Main Line Extension Agreement	22,965.96

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Accrual Basis

Granite Mountain Water Co., Inc.
Balance Sheet
As of December 31, 2006

	Dec 31, 06
251.01 · Line Extension Agree-Rosdahl	12,403.97
251.02 · Line Exten Agreeemnt - Nanke	1,637.50
252.00 · Advances for Construction	18,598.50
Total Other Current Liabilities	56,781.50
Total Current Liabilities	56,781.50
Total Liabilities	56,781.50
Equity	
201.00 · Common Stock Issued	
201.01 · Original Stock Balance	52,000.00
201.02 · New Well At Stables	27,812.59
201.03 · Line Ext.-GMH V Phase I	97,326.60
Total 201.00 · Common Stock Issued	177,139.19
211.00 · Other Paid-In Capital	
211.01 · Granite Park Ranch	181,705.00
211.02 · PDL -Long Term Debt	155,517.32
Total 211.00 · Other Paid-In Capital	337,222.32
215.00 · Retained Earnings	-26,932.53
215.01 · Opening Balance Equity	-184,728.28
Net Income	19,443.61
Total Equity	322,144.31
TOTAL LIABILITIES & EQUITY	378,925.81

Granite Mountain Water Co., Inc.

Statement of Cash Flows

January through December 2006

	<u>Jan - Dec 06</u>
OPERATING ACTIVITIES	
Net Income	19,443.61
Adjustments to reconcile Net Income to net cash provided by operations:	
1201 · Contract receivable	3,113.74
141.00 · Customer Accounts Recievable	3,831.84
2000 · *Accounts Payable	-110.00
2100 · Payroll Liabilities	133.48
235.00 · Security Deposits	-5,038.59
236.20 · Accrued Taxes	3,840.62
251.00 · Main Line Extension Agreement	-493.67
252.00 · Advances for Construction	-3,361.00
Net cash provided by Operating Activities	21,360.03
INVESTING ACTIVITIES	
108.00 · Accum. Depreciation & Amort.	29,771.34
141.04 · Loan to ALWC	-9,500.00
Net cash provided by Investing Activities	20,271.34
FINANCING ACTIVITIES	
215.01 · Opening Balance Equity	-283.51
Net cash provided by Financing Activities	-283.51
Net cash increase for period	41,347.86
Cash at beginning of period	47,445.71
Cash at end of period	<u><u>88,793.57</u></u>

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04/10/07
Accrual Basis

Granite Mountain Water Co., Inc.
Profit & Loss
January through December 2006

	<u>Jan - Dec 06</u>
Ordinary Income/Expense	
Income	
419.00 · Interest & Dividend	120.88
461.00 · Metered Sales	63,314.93
474.00 · Other Water Revenue	
474.01 · Miscell Revenue-Est Fee	120.00
474.02 · Late Fee	99.51
474.00 · Other Water Revenue - Other	15.56
Total 474.00 · Other Water Revenue	<u>235.07</u>
Total Income	63,670.88
Expense	
615.00 · Purchased Power	
615.02 · Lot 15	1,019.24
615.03 · Stable's Well	1,048.56
615.05 · Shane Dr Pump	3,717.39
615.06 · Dewey Rd Pump	544.08
615.07 · Rainmaker - Pump	908.93
Total 615.00 · Purchased Power	<u>7,238.20</u>
618.00 · Chemicals	
618.01 · Monthly Water Tests	192.00
618.02 · Periodic Water Tests	545.90
Total 618.00 · Chemicals	<u>737.90</u>
620.00 · Materials & Supplies	1,091.51
621.00 · Office Supplies & Expense	
621.01 · Office Phone	2,009.82
621.00 · Office Supplies & Expense - Other	85.86
Total 621.00 · Office Supplies & Expense	<u>2,095.68</u>
625.00 · Repairs & Maint - Wells/tanks	127.50
630.00 · Contractual Services	
630.01 · Contract Labor	2,108.00
630.00 · Contractual Services - Other	550.00
Total 630.00 · Contractual Services	<u>2,658.00</u>
650.00 · Transportation	
650.05 · 2000 Dodge 1TPU	157.12
Total 650.00 · Transportation	<u>157.12</u>
6560 · Payroll Expenses	3,850.11
665.00 · Regulatory	115.76
681.00 · Property Tax	1,959.69
Total Expense	<u>20,031.47</u>
Net Ordinary Income	43,639.41
Other Income/Expense	
Other Income	
403.00 · Depreciation Expense	-29,771.34
7030 · Other Income	8,578.31
Total Other Income	<u>-21,193.03</u>
Other Expense	
8010 · Other Expenses	3,002.77
Total Other Expense	<u>3,002.77</u>
Net Other Income	<u>-24,195.80</u>
Net Income	<u><u>19,443.61</u></u>

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GRANITE MOUNTAIN WATER CO.
Federal ID #:
Asset Summary - Federal Tax Basis
Period Ended 12/31/06

Company: GMW
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<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 1 Organization												
1	1	Organization 301	01/01/90	N	SL	20	110.13	0.00	0.00	88.46	5.51	93.97
Group # 1 Total							110.13	0.00	0.00	88.46	5.51	93.97
Group # 2 Structures & Improvements 304												
1	1	Structures & Improveme	01/01/90	N	SL	20	11,607.71	0.00	0.00	9,319.79	580.39	9,900.18
2	1	Main Line	05/01/98	N	SL	20	10,000.00	0.00	0.00	3,833.33	500.00	4,333.33
3	1	New Station	05/21/99	N	SL	20	35,770.80	0.00	0.00	11,774.56	1,788.54	13,563.10
Group # 2 Total							57,378.51	0.00	0.00	24,927.68	2,868.93	27,796.61
Group # 3 Wells & Springs												
1	1	Wells & Springs 307	01/01/90	N	SL	20	13,554.95	0.00	0.00	10,883.19	677.75	11,560.94
2	1	Fencing #2 Well	06/27/95	N	SL	20	155.65	0.00	0.00	81.69	7.78	89.47
3	1	Application Fee	12/12/95	N	SL	20	50.00	0.00	0.00	25.21	2.50	27.71
4	1	New Well	04/15/96	N	SL	20	27,462.59	0.00	0.00	13,388.02	1,373.13	14,761.15
5	1	Well #3 Expansion	03/01/05	N	SL	20	10,803.55	0.00	0.00	450.15	540.18	990.33
Group # 3 Total							52,026.74	0.00	0.00	24,828.26	2,601.34	27,429.60
Group # 4 Supply Mains												
1	1	Culvert & Bands 311	03/03/95	N	SL	20	321.60	0.00	0.00	174.20	16.08	190.28
2	1	New Well Meter	01/15/99	N	SL	20	669.43	0.00	0.00	234.29	33.47	267.76
Group # 4 Total							991.03	0.00	0.00	408.49	49.55	458.04
Group # 5 Pumping Equipment 311												
1	1	Pumping Equipment	01/01/90	N	SL	20	27,902.65	0.00	0.00	22,402.79	1,395.13	23,797.92
2	1	Pumping Equipment	12/31/95	N	SL	20	4,615.35	0.00	0.00	2,307.70	230.77	2,538.47
3	1	Pumping Equipment	05/01/98	N	SL	20	40,000.00	0.00	0.00	15,333.33	2,000.00	17,333.33
4	1	Electric Control	06/07/00	N	SL	20	1,950.70	0.00	0.00	544.60	97.54	642.14
6	1	Controls, pumps	01/01/03	N	SL	20	3,000.00	0.00	0.00	450.00	150.00	600.00
7	1	Pump Replacement	08/03/04	N	SL	20	4,679.51	0.00	0.00	331.47	233.98	565.45
8	1	New Pump	08/05/04	N	SL	20	3,755.78	0.00	0.00	266.04	187.79	453.83
9	1	Parts for Well #3	02/01/05	N	SL	20	8,871.96	0.00	0.00	406.63	443.60	850.23
Group # 5 Total							94,775.95	0.00	0.00	42,042.56	4,738.81	46,781.37
Group # 6 Distr. Reservoirs & Stand 330												
1	1	Water Treatment	01/01/90	N	SL	20	7,325.00	0.00	0.00	5,881.19	366.25	6,247.44
Group # 6 Total							7,325.00	0.00	0.00	5,881.19	366.25	6,247.44
Group # 7 Transmission & Distr Main												
1	1	Transmissions & Distr 311	01/01/90	N	SL	20	125,218.06	0.00	0.00	100,536.57	6,260.90	106,797.47
2	1	Account Opening	03/18/95	N	SL	20	19,650.00	0.00	0.00	10,561.88	982.50	11,544.38
3	1	Main Register	05/01/98	N	SL	20	75,000.00	0.00	0.00	28,750.00	3,750.00	32,500.00
4	1	Main Line Extension	05/19/99	N	SL	20	10,766.47	0.00	0.00	3,543.94	538.32	4,082.26
5	1	1564 Main Line	05/21/99	N	SL	20	38,059.00	0.00	0.00	12,527.75	1,902.95	14,430.70
6	1	Main Line Extension	11/17/99	N	SL	20	2,095.45	0.00	0.00	637.35	104.77	742.12
7	1	Line Extension	05/24/05	N	SL	20	5,625.32	0.00	0.00	164.07	281.27	445.34
Group # 7 Total							276,414.30	0.00	0.00	156,721.56	13,820.71	170,542.27

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GRANITE MOUNTAIN WATER CO.

Federal ID #:
Asset Summary - Federal Tax Basis
Period Ended 12/31/06

Company: GMW
Page: 2

<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 8 Services												
1	1	Services	01/01/90	N	SL	20	4,250.00	0.00	0.00	3,412.29	212.50	3,624.79
2	1	Services	12/31/96	N	SL	20	16.30	0.00	0.00	7.38	0.82	8.20
3	1	SERVICE	03/13/97	N	SL	20	16.30	0.00	0.00	7.24	0.82	8.06
4	1	SERVICE	03/13/97	N	SL	20	16.30	0.00	0.00	7.24	0.82	8.06
5	1	Service	05/01/98	N	SL	20	46,000.00	0.00	0.00	17,633.33	2,300.00	19,933.33
6	1	Service	09/22/98	N	SL	20	797.11	0.00	0.00	288.98	39.86	328.84
7	1	Service	11/11/98	N	SL	20	28.72	0.00	0.00	10.32	1.44	11.76
8	1	Service	12/10/98	N	SL	20	67.30	0.00	0.00	23.87	3.37	27.24
9	1	203' Service Line	05/21/99	N	SL	20	4,054.30	0.00	0.00	1,334.57	202.72	1,537.29
10	1	New Services	11/17/99	N	SL	20	606.57	0.00	0.00	184.51	30.33	214.84
Group # 8 Total							55,852.90	0.00	0.00	22,909.73	2,792.68	25,702.41
Group # 9 Meters & Meter Install												
1	1	Meters & Meter Install	01/01/90	N	SL	20	996.47	0.00	0.00	800.02	49.82	849.84
2	1	Lot 12	04/01/95	N	SL	20	36.70	0.00	0.00	19.78	1.84	21.62
3	1	Meters & Meter Install.	12/31/95	N	SL	20	2.07	0.00	0.00	1.00	0.10	1.10
4	1	Install 94	06/15/96	N	SL	20	141.02	0.00	0.00	67.56	7.05	74.61
5	1	METER	03/13/97	N	SL	20	62.20	0.00	0.00	27.47	3.11	30.58
6	1	METER	03/13/97	N	SL	20	62.20	0.00	0.00	27.47	3.11	30.58
7	1	METER	06/17/97	N	SL	20	33.00	0.00	0.00	14.03	1.65	15.68
8	1	METER	12/31/97	N	SL	20	68.00	0.00	0.00	27.20	3.40	30.60
9	1	Meters	11/11/98	N	SL	20	128.94	0.00	0.00	46.22	6.45	52.67
10	1	Meters	12/10/98	N	SL	20	258.20	0.00	0.00	91.45	12.91	104.36
11	1	New Meters	09/13/99	N	SL	20	108.31	0.00	0.00	34.33	5.42	39.75
12	1	New Meters	11/17/99	N	SL	20	304.44	0.00	0.00	92.59	15.22	107.81
13	1	Capital Meter	09/22/00	N	SL	20	345.75	0.00	0.00	90.77	17.29	108.06
Group # 9 Total							2,547.30	0.00	0.00	1,339.89	127.37	1,467.26
Group # 10 Hydrants												
1	1	Hydrants	01/01/90	N	SL	20	32.45	0.00	0.00	26.03	1.62	27.65
2	1	Hydrant	05/02/95	N	SL	20	41.87	0.00	0.00	22.30	2.09	24.39
Group # 10 Total							74.32	0.00	0.00	48.33	3.71	52.04
Group # 11 Other Plant & Misc Equip.												
1	1	Other Plant & Misc Equi	01/01/90	N	SL	20	4,850.00	0.00	0.00	3,894.03	242.50	4,136.53
2	1	Main Line	05/01/98	N	SL	20	10,705.00	0.00	0.00	4,103.58	535.25	4,638.83
3	1	Excavation/Lab	05/21/99	N	SL	20	19,442.50	0.00	0.00	6,399.85	972.13	7,371.98
Group # 11 Total							34,997.50	0.00	0.00	14,397.46	1,749.88	16,147.34
Group # 12 Other Tangible Plant												
1	1	Other Tangible Plant	01/01/90	N	SL	20	20.00	0.00	0.00	16.06	1.00	17.06
2	1	Computer	08/25/05	N	SL	5	853.00	0.00	0.00	56.87	170.60	227.47
Group # 12 Total							873.00	0.00	0.00	72.93	171.60	244.53
Group # 14 Power Operated Equipment												
1	1	1978 Case Backhoe	01/22/98	N	SL	20	5,000.00	0.00	0.00	1,979.17	250.00	2,229.17
Group # 14 Total							5,000.00	0.00	0.00	1,979.17	250.00	2,229.17

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GRANITE MOUNTAIN WATER CO.
Federal ID #:
Asset Summary - Federal Tax Basis
Period Ended 12/31/06

Company: GMW
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<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 15 Transportation Equipment												
1	1	1995 Dodge Diesel	12/30/04	N	SL	20	4,500.00	0.00	0.00	225.00	225.00	450.00
Group # 15 Total							<u>4,500.00</u>	<u>0.00</u>	<u>0.00</u>	<u>225.00</u>	<u>225.00</u>	<u>450.00</u>
Grand Total							<u>592,866.68</u>	<u>0.00</u>	<u>0.00</u>	<u>295,870.71</u>	<u>29,771.34</u>	<u>325,642.05</u>

Granite Mountain Water Company Water Reading Usage Lost 2006

Month	Well #	Ending Read	Beginning Read	Amount used	Billed amount	Non billed us	Blow off	Lost due to k	Lines	Storage Tank	Total
Jan	2	off line									
	3	33,872,900	33,866,900	6,000		6,000					6,000
	4	46,213,100	45,737,000	476,100	355,805	20,295	50,000			50000	476,100
Feb	2	off line									
	3	33,886,000	33,872,900			13,100					13,100
	4	46,971,200	46,213,100	758,100	545,710	12,390	93,450			93450	745,000
March	2	off line									
	3	33,891,900	33,886,000	5,900		5,900					5,900
	4	47,461,900	46,971,200	490,700	366,240	24,460	100,000				490,700
April	2	off line									
	3	33,914,200	33,891,900	22,300		22,300					22,300
	4	48,163,500	47,461,900	701,600	475,640	25,960	100,000			100,000	701,600
May	2	off line									
	3	33,982,000	33,914,200	67,800		67,800					67,800
	4	49,404,500	48,163,500	1,241,000	1,042,260	178,740	10,000			10000	1,241,000
June	2	off line									
	3	34,094,400	33,982,000	112,400		112,400					112,400
	4	51,044,400	49,401,500	1,642,900	1,023,510	54,390	260,000		10,000	295,000	1,642,900
July	2	off line									
	3	34,151,800	34,094,400	57,400		57,400					57,400
	4	52,129,500	51,044,400	1,085,100	896,710	73,390	10,000	50,000	10,000	45,000	1,085,100
August	2	off line									
	3	34,208,000	34,151,800	56,200		56,200					56,200
	4	53,604,000	52,129,500	1,474,500	1,007,750	21,750	200,000			245,000	1,474,500
September	2	off line									
	3	34,234,500	34,208,000	26,500		26,500					26,500
	4	54,372,000	53,604,000	768,000	570,990	77,010	55,000		10,000	55000	768,000
October	2	off line									
	3	34,258,700	34,234,500	24,200		24,200					24,200
	4	55,250,000	54,372,000	878,000	679,950	48,050	75,000			75000	878,000
November	2	off line									
	3	34,265,800	34,258,700	7,100		7,100					7,100
	4	55,849,900	55,250,000	599,900	581,380	18,520					599,900
December	2	off line									
	3	37,543,200	34,265,800	3,277,400			1,638,700			1638700	3,277,400
	4	59,837,900	55,849,900	3,988,000	3,962,660	13,340	6,000		6,000		3,988,000
				17,767,100	11,508,605	967,195	2,254,700	50,000	36,000	2,353,700	17,767,100

17767100/17767100=0 Acre foot